

## Message Text

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ACTION EB-07

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FM AMEMBASSY NEW DELHI

TO SECSTATE WASHDC 5636

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UNCLAS NEW DELHI 6335

E.O. 11652: N/A

TAGS: EAGR, IN

SUBJECT: FURTHER CUTS IN THE PRICE OF IMPORTED FERTILIZERS

THE MINISTRY OF AGRICULTURE ANNOUNCED APRIL 29 AN ADDITIONAL REDUCTION IN THE PRICES OF FOUR POPULAR TYPES OF IMPORTED PHOSPHATIC AND COMPLEX FERTILIZERS. THESE LATEST REDUCTIONS FOLLOW BY ONLY A MONTH THE REDUCTIONS ANNOUNCED IN CONNECTION WITH THE UNION FINANCE MINISTER'S (C. SUBRAMANIAM) BUDGET SPEECH IN MARCH AND BRING TO FOUR THE NUMBER OF SUCH PRICE CUTS EFFECTED SINCE JULY 1975. COMPARED TO PRICES IN EFFECT ON JULY 18, 1975 (I.E. AFTER THE FIRST REDUCTION) THESE LATEST REDUCTIONS REPRESENT CUTS OF BETWEEN 8 AND 26 PERCENT (AVERAGE 21 PERCENT). PRICES WHICH HAVE BEEN ANNOUNCED (IN RUPEES/MT) COMPARED WITH JULY 18, 1975 PRICES ARE: DIAMMONIUM PHOSPHATE (18-46-0) FROM 2,805 TO 2,210; NPK (15-15-15) FROM 1,700 TO 1,570; NPK (17-17-17) FROM 2,590 TO 1,970; AND AMMONIUM NITROPHOSPHATE (24-24-0) FROM 3,080 TO 2,270.

COMMENT: THE VARYING DEGREE AND EXTENT OF THE CUTS THAT HAVE BEEN EFFECTED OVER THE PAST 10 MONTHS REFLECTS OFFICIAL CONCERN OVER THE LESS THAN ADEQUATE INCREASE IN THE OFFTAKE OF CHEMICAL SOIL MUTIENTS IN GENERAL AND IN PARTICULAR THE DECREASING USE OF PHOSPHATIC FERTILIZERS. THE MINISTRY OF AGRICULTURE HAS SET A SOMEWHAT AMBITIOUS FERTILIZER CONSUMPTION TARGE FOR 1976-77

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(APRIL-MARCH ) OF 3.6 MILLION TONS OF NPK. THIS COMPARES WITH THE

ACTUAL OFFTAKE OF 2.89 MILLION TONS IN 1975-76 AND 2.57 MILLION TONS IN 1974-75. THE INCREASE REFLECTED BY THESE LATTER NUMBERS WAS MAINLY ACCOUNTED FOR BY THE INCREASED OFFTAKE OF NITROGEN. THE TIMING OF THIS LATEST PRICE REDUCTION IS AN IMPROVEMENT OVER THE CUTS EFFECTED IN EARLY DECEMBER, I.E. TOO LATE TO HAVE MUCH OF AN IMPACT ON THE 1976 RABI CROP. IN MOST OF THE EASTERN STATES, WHERE FERTILIZER CONSUMPTION PER HECTARE IS ABOUT HALF THE NATIONAL AVERAGE, KHARIF SOWING WILL COMMENCE IN EARLY JUNE. EVEN IN THE WESTERN STATES OF PUNJAB, HARYANA, AND UTTAR PRADESH, THE HIGH YIELDING VARIETIES ARE SOWN BY THE MIDDLE OF JUNE.

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